

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2779

Introduced by Committee on Insurance (Solorio (Chair), Bradford, Carter, Feuer, Hayashi, Nava, and Torres)

March 3, 2010

An act to amend ~~Sections 11623 and~~ *Section* 11629.79 of the Insurance Code, relating to automobile insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2779, as amended, Committee on Insurance. California Automobile Assigned Risk Plan.

Existing law provides for an assigned risk plan for automobile insurance. ~~Existing law requires the Insurance Commissioner to administer and operate the plan as authorized by law and creates an advisory committee with which the commissioner is required to consult on a regular basis with respect to policy matters affecting the operation of the plan.~~

This bill would ~~require the advisory committee to annually recommend to the commissioner numeric goals for the California Assigned Risk Plan to increase the number of uninsured drivers who will become insured pursuant to specified programs. The bill would also delete related obsolete provisions relating to adoption of emergency regulations.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~-no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 11623 of the Insurance Code is amended~~
2 ~~to read:~~

3 ~~11623. (a) To assist the commissioner in carrying out the~~
4 ~~purposes of this article, an advisory committee composed of 15~~
5 ~~members is created. The commissioner shall administer and operate~~
6 ~~the plan as authorized by law. The commissioner shall consult~~
7 ~~with the advisory committee on a regular basis on policy matters~~
8 ~~affecting the operation of the plan.~~

9 ~~Eight members representing subscribing insurers shall be elected~~
10 ~~annually by subscribing insurers. The commissioner shall appoint~~
11 ~~the noninsurer members. Four members shall represent the public.~~
12 ~~Two members shall represent producers. The remaining member~~
13 ~~is the commissioner or his or her designee.~~

14 ~~All insurer representatives shall be salaried employees. At least~~
15 ~~two insurer representatives shall be employed by insurers having~~
16 ~~their principal headquarters located in California. At least two~~
17 ~~insurer representatives shall represent companies who have average~~
18 ~~annual automobile liability premiums in California below one~~
19 ~~hundred million dollars (\$100,000,000) in the prior three years.~~
20 ~~At least one insurer representative shall represent an insurer with~~
21 ~~average annual automobile liability premiums in California~~
22 ~~exceeding one hundred million dollars (\$100,000,000) in the prior~~
23 ~~three years. At least one insurer representative shall represent an~~
24 ~~insurer with average annual automobile liability premiums in~~
25 ~~California exceeding seven hundred million dollars (\$700,000,000)~~
26 ~~in the prior three years.~~

27 ~~Public members shall be paid two hundred fifty dollars (\$250)~~
28 ~~per meeting and shall be reimbursed all reasonable expenses~~
29 ~~incurred.~~

30 ~~The commissioner shall remove members for nonattendance.~~
31 ~~Unless satisfactory excuse is made in writing to the commissioner~~
32 ~~in a timely manner, nonattendance shall mean the failure to appear~~
33 ~~at more than two regularly scheduled meetings in a 12-month~~
34 ~~period. Should the member who is removed represent a company~~
35 ~~or agency, another representative from the company or agency~~
36 ~~may not be appointed for a period of not less than two years.~~

37 ~~The advisory committee with the approval of the commissioner~~
38 ~~shall appoint a manager to carry out the purposes of this article,~~

1 ~~employ sufficient personnel to provide services necessary to the~~
2 ~~operation of the plan, and contract for the provision of statistical~~
3 ~~and actuarial services.~~

4 ~~The cost of the plan, including any personnel and contracting~~
5 ~~costs, shall be fairly apportioned among the subscribing insurers~~
6 ~~to whom assignments may be made. The costs associated shall be~~
7 ~~directly attributable to the management of the plan and directly~~
8 ~~related to its programs. In consultation with the advisory~~
9 ~~committee, the commissioner shall develop, issue, and adopt~~
10 ~~regulations to carry out the purposes of this article.~~

11 ~~(b) Notwithstanding this act, which changes the status of the~~
12 ~~governing committee to that of an advisory committee, the~~
13 ~~committee shall have the right to retain counsel of its choice~~
14 ~~pursuant to a selection process adopted by the committee and the~~
15 ~~right and necessary standing to bring and defend actions in judicial~~
16 ~~and administrative proceedings related to the plan in the name of~~
17 ~~the plan, with all powers attendant thereto including the right to~~
18 ~~retain consultants, counsel, and expert witnesses of its choice.~~

19 ~~(c) The advisory committee shall annually recommend to the~~
20 ~~commissioner numeric goals for the California Assigned Risk Plan~~
21 ~~to increase the number of uninsured drivers who will become~~
22 ~~insured for the following year pursuant to the assigned risk plan~~
23 ~~codified in this article and the low-cost automobile insurance~~
24 ~~program codified in Article 5.5 (commencing with Section~~
25 ~~11629.7).~~

26 ~~SEC. 2.~~

27 *SECTION 1.* ~~Section 11629.79 of the Insurance Code is~~
28 ~~amended to read:~~

29 11629.79. (a) The program for the County of Los Angeles and
30 the City and County of San Francisco is authorized to commence
31 operations on January 1, 2000, but shall be fully operational no
32 later than July 1, 2000.

33 (b) To this end, the commissioner, in consultation with the
34 California Automobile Assigned Risk Plan, shall adopt regulations
35 to implement the provisions of this article within 60 days of its
36 effective date.

37 (c) The program for the Counties of Alameda, Fresno, Orange,
38 Riverside, San Bernardino, and San Diego shall commence
39 operations on April 1, 2006, and shall be made operational in all
40 other counties of California according to the discretion of the

1 commissioner. The commissioner, in consultation with the
2 California Automobile Assigned Risk Plan, shall adopt regulations
3 to implement the expansion of the program to these counties.

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